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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 07/12/06

Part-1

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3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, July 11

NIHON KEIZAI (Page 2) (Full)
July 12, 2006

09:32:

Attended an executive meeting at LDP headquarters.

10:03:

Attended a cabinet meeting at Kantei. Later, met Economic and Financial Policy Minister Yosano.

13:03:

Left Haneda Airport by government plane to visit the Middle East, including Israel, and to attend the St. Petersburg G-8 Summit.

4) President Bush in interview reveals plans to promote peaceful use of nuclear power with Russia

YOMIURI (Page 1) (Excerpts)
July 12, 2006

Takashi Sadahiro, Washington

In an interview with representatives from the Yomiuri Shimbun and other foreign news organizations on July 10, United States President Bush revealed plans to promote the peaceful use of nuclear power on a global scale, including a new cooperation accord with Russia. He also indicated that he would bring up this issue as a major agenda item during the G-8 summit in St. Petersburg to start on July 15.

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Nuclear cooperation between the US and Russia is now limited to work to dismantle nuclear warheads. Once a new agreement is reached between the two countries, Russia will join the international framework for the peaceful use of nuclear power, and it will eventually become possible to store and reprocess in Russia the used nuclear fuel shipped from Japan and other countries.

Citing the development of a next-generation fast-breeder reactor as a specific challenge for international cooperation, President Bush said: "The US will cooperate with Japan, Russia, France, and Britain." The president has proposed the Global Nuclear Energy Partnership (GNEP) initiative, an international framework to promote the peaceful use of nuclear weapons while preventing nuclear proliferation. The president's remark in the interview was to express his desire to include Russia in the GNEP initiative and to deem that nation as its partner in pursuing the goal of expanding the use of nuclear power for civilian applications.

5) Aso asks Britain and other countries for their support for Japan's stand

TOKYO SHIMBUN (Page 2) (Full)
July 12, 2006

Foreign Minister Taro Aso had a telephone conversation with British Foreign Secretary Margaret Beckett last night. In the conversation, Aso asked for Britain's support and cooperation for the Japanese government's policy course of having an immediate adoption of a UN Security Council resolution presented by Japan, Britain and other countries to impose sanctions against North Korea in the event China's efforts to convince North Korea fails.

In response, Beckett supported Japan's stand, while calling for reviewing measures depending on the situation.

Aso also had telephone conversations with his counterparts of Greece, Slovakia, Denmark, and the Republic of the Congo, who are nonpermanent UN Security Council members, to seek their support for Japan's position. They are cosponsors of the UN resolution, with the exception of the Congo.

6) Chinese president urges North Korea to stop missile tests

YOMIURI (Top Play) (Excerpts)
July 12, 2006

Tetsuya Suetsugu, Beijing

Meeting with visiting North Korean Parliamentary Vice President Yang Hyong Sop in Beijing on July 11, Chinese President Hu Jintao urged North Korea to stop missile tests and to return to the six-party talks at an early date. United States Assistant Secretary of State Christopher Hill also made an unscheduled visit to Beijing to

discuss the North Korean missile situation with Chinese officials. Over the resolution (drafted by Japan) calling for sanctions against North Korea at the United Nations Security Council, diplomatic efforts have reached a crucial point, with an eye on the upcoming G-8 summit in St. Petersburg to start on July 15.

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On July 10, Japan and the US announced a decision to delay a vote on the draft UNSC resolution and carefully watch the outcome of a visit to North Korea by Chinese Vice Foreign Minister Wu Dawei. In a move to prevent sanctions from being imposed on North Korea, the Chinese government has been pressed to bring about some specific achievement this week.

The unprecedented diplomatic effort by President Hu reflects growing frustration in China. According to the Xinhua News Agency, Hu told Yang: "A new factor that will complicate the situation on the Korean Peninsula has appeared," expressing his grave concern about North Korea's recent missile launches. Adding: "We are against any actions that will aggravate the situation," Hu aimed to forestall North Korea's possible missile tests. The Chinese president also said: "China will make efforts with other countries concerned to bring progress in the stalled six-party talks," urging North Korea to return to the negotiating table.

In response, Yang only said: "We will make efforts to protect the peace and stability of the peninsula and the region." Chinese Foreign Ministry's Deputy Spokesperson Yang indicated in a regular press conference on July 11 that China's efforts to resolve the crisis are facing difficulty, saying: "Everything will not be easily resolved through just one or two visits and efforts by China."

7) China's efforts to convince North Korea run into difficulties;
Hill hastily visits China for talks

SANKEI (Top play) (Excerpts)
July 12, 2006

Tadashi Ito, Beijing

US Assistant Secretary of State Christopher Hill, US chief delegate to the six-party talks, hastily arrived on July 11 in Beijing from Tokyo for talks with China in the wake of the UN Security Council decision to postpone a vote on a sanctions resolution against North Korea for its missile launches. Hill's China visit follows talks on July 10 between Chinese Vice Foreign Minister Wu Dawei and North Korean officials in Pyongyang. China's efforts to persuade the North to return swiftly to the six-party talks seem to have failed, with Pyongyang responding to it negatively and presenting the removal of US financial sanctions as a condition.

Hill's China visit was decided through a telephone conversation between Chinese State Councilor Tang Jiaxuan and US Secretary of State Condoleezza Rice on the night of July 10. Although Hill's China trip is believed to be for emergency talks, he said late at night on July 11: "I did not see any Chinese officials today; I will hold talks with Foreign Minister Li Zhaoxing on the morning of July 12."

Ahead of the Tang-Rice telephone conversation, China called for the postponement of a vote on the sanctions resolution by the UN Security Council, citing Wu's North Korea visit. China's request was approved. Wu is believed to have urged the North to freeze missile launches and return to the six-party talks to avoid sanctions, telling Pyongyang that the US has pledged that it would conduct

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bilateral talks with the North at informal six-party talks.

But a Chinese Foreign Ministry press officer in a press conference on July 11 suggested tremendous difficulty in China's effort to convince the North, saying: "The issue will not be resolved with a visit or two. Diplomatic efforts take time and patience. Our efforts

for a resumption of the six-party talks have yet to bear fruit." Wu largely attributed North Korea's missile launches to America's financial sanctions. China's efforts to convince North Korea seem to have bogged down, with Pyongyang demanding a removal of the financial sanctions.

8) US sounded out North Korea on bilateral talks two days before missile launches; US hardened stance following launches

SANKEI (Page 1) (Excerpts)
July 12, 2006

On July 3, two days before North Korea launched ballistic missiles, Washington informed countries concerned that it was willing to conduct bilateral talks with Pyongyang on the condition North Korea return to the six-party talks to discuss the nuclear issue, sources revealed yesterday. It also came to light that the US and North Korea had secretly held informal talks in New York in mid-June. But the North went ahead and launched a Taepodong-2 long-range ballistic missile, prompting the US to harden its stance.

According to government sources, the United States has searched for ways to contact North Korea behind the scenes since its spy satellites detected in late May the North's preparations for launching a Taepodong-2 missile. US and North Korean officials in charge secretly met in New York in mid-June. But the talks ended in failure, with the North unilaterally demanding the financial sanctions be removed.

Once that the United States made contact with North Korea, albeit informally, speculation was afoot among the concerned countries that the North would abstain from launching missiles for the time being. But in late June, the North began actively making preparations for missile launches. Such countries as the United States and China undertook coordination for informal six-party talks in July. Timed with the planned informal talks, the United States conveyed on July 3 its willingness to hold bilateral talks with the North to the countries concerned, including Japan. Arrangements were made for China to inform North Korea of America's willingness.

But North Korea launched seven missiles on July 5 in defiance of America's message. There are various views in the Japanese government about North Korea's motive behind the missile launches, such as: (1) China did not convey America's wishes to North Korea; or (2) the North expected that the missile launches would help elicit further concessions from the United States.

9) Government perplexed by ROK's verbal attack on Japan in connection with North Korea missile issue

TOKYO (Page 2) (Full)
July 12, 2006

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The government is perplexed by the Republic of Korea government's constant showering of criticism on Japan in connection with North Korea's launching of missiles. The office of the ROK President has mounted on its home page criticism of Japan imposing its sanctions on North Korea and for seeking a UN sanctions resolution. The emerging argument in Japan for possessing a capability to strike enemy bases has also set off alarms, with a Blue House spokesperson stating: "We will respond with strong stance to the arrogance and reckless remarks of Japanese government leaders."

In response, the Japanese government has underscored its cool-headed response, with Chief Cabinet Secretary Abe saying, "The Japanese government will not comment on every statement." For that reason, some in the Japanese government let this statement of regret slip out: "There is nothing that can be done as long as President Roh Moo Hyun is in the Blue House."

10) Argument for Japan to possess an enemy-base strike capability creates stir inside Japan and overseas: Takebe calls for debate on preparing legislation, while Katayama cites constitutional restriction on such a capability

With the launching on missiles by North Korea, a view has emerged in the government and ruling camp calling for the Self-Defense Forces (SDF) to possess a capability to strike enemy bases. This suggestion has created a stir both in Japan and overseas. Already China and South Korea, with which Japan's relations already are cool, have reacted sharply, and even in the United States, concern is starting to grow.

Members of the ruling and opposition parties yesterday came out with one statement after the other to the press corps. Liberal Democratic Party (LDP) Secretary General took a positive stance toward giving consideration to the idea: "It would be unacceptable for us to do nothing if we learn that the other country without a doubt will launch missiles and cause great harm to Japan. We should discuss setting up legislation (for such a contingency)."

But there are arguments pro and con in the LDP. Upper House Secretary General Toranosuke Takayama said: "We have to consider

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this cautiously for Japan is restricted by the Constitution to sole self-defense." Defense Agency Director General Nukaga, who set off the debate with his remark, advocated: "Although there has been interpretation in the past that such would legally be permissible, the fact is that is has never been debated in practical terms." He took a position of seeing a need for starting discussion on the issue.'

In the opposition Minshuto (Democratic Party of Japan), as well, there was no unified view, with some party officials like Secretary General Yukio Hatoyama indicating a certain level of understanding. President Ichiro Ozawa revealed his view that minute discussion was necessary, stating: "The enemy is not just limited to North Korea. First, we have find out how to determine who the enemy is. We would have to be ready to fight any country we determine as the enemy."

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SCHIEFFER